



**West Monroe - West Ouachita
Chamber of Commerce, Inc.**

**Financial Statements
As of and For the Years Ended
December 31, 2008 and 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/29/09

West Monroe - West Ouachita Chamber of Commerce, Inc.

**As of and For the Years Ended
December 31, 2008 and 2007**

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LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors

West Monroe – West Ouachita Chamber of Commerce, Inc.

We have audited the accompanying statements of financial position of the **West Monroe – West Ouachita Chamber of Commerce, Inc.** (the Chamber) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Chamber's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor and the Society of Louisiana Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chamber as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009, on our consideration of the Chamber's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Luffey, Huffman, Ragsdale, & Soignier

(A Professional Accounting Corporation)

June 30, 2009

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF FINANCIAL POSITION

		December 31,	
		2008	2007
ASSETS			
Current Assets			
Cash	\$	12,381	\$ 39,204
Investments		-	21,010
Accounts receivable		3,707	14,878
Other current assets		986	894
Total current assets		<u>17,074</u>	<u>75,986</u>
Property, Plant, and Equipment			
Land		42,982	42,982
Building		170,968	170,968
Equipment		30,669	30,669
Furniture and fixtures		32,538	31,538
Improvements		81,683	80,079
Total property, plant and equipment		<u>358,840</u>	<u>356,236</u>
Less: accumulated depreciation		<u>(175,023)</u>	<u>(155,594)</u>
Net property, plant and equipment		<u>183,817</u>	<u>200,642</u>
TOTAL ASSETS	\$	<u>200,891</u>	\$ <u>276,628</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$	19,620	\$ 19,019
Accrued payroll taxes and retirement payables		4,923	5,025
Funds held for others		-	47,242
Deferred revenue -			
Membership dues		6,691	8,242
Other		-	4,640
Current portion of long-term debt		2,584	2,380
Total current liabilities		<u>33,818</u>	<u>86,548</u>
Long-Term Debt			
Capital lease		<u>225</u>	<u>2,810</u>
Total Liabilities		<u>34,043</u>	<u>89,358</u>
Net Assets			
Unrestricted - undesignated		<u>166,848</u>	<u>187,270</u>
Total net assets		<u>166,848</u>	<u>187,270</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>200,891</u>	\$ <u>276,628</u>

The accompanying notes are an integral part of these statements.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED

	<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
Support and Revenue		
Contributions	\$ 18,311	\$ 12,228
Special events:		
Golf tournament	17,589	19,950
Less cost of direct benefits to donors	(7,133)	(6,428)
Net revenue from special event	10,456	13,522
Contributions and net revenue from special events	28,767	25,750
Membership dues	149,200	160,608
Membership directory	-	4,500
Interest income	-	39
Other income	3,430	4,116
Economic development	52,327	42,837
Education	11,260	4,795
Governmental affairs	1,748	5,087
Member services	6,692	15,563
Membership development	28,292	24,833
Total Support and Revenue	<u>281,716</u>	<u>288,128</u>
Expenses		
Program services:		
Economic development	35,241	29,811
Education	22,948	23,009
Governmental affairs	5,494	9,519
Member services	19,488	28,915
Supporting services:		
Management and general	135,132	127,850
Membership development	73,173	57,168
Fund raising	10,662	10,285
Total Expenses	<u>302,138</u>	<u>286,557</u>
Increase (decrease) in net assets	(20,422)	1,571
Net assets at beginning of year	<u>187,270</u>	<u>185,699</u>
Net assets at end of year	<u>\$ 166,848</u>	<u>\$ 187,270</u>

The accompanying notes are an integral part of these statements.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED

	<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
Cash flow from Operating Activities:		
Increase (Decrease) in net assets	\$ (20,422)	\$ 1,571
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	19,429	19,409
Changes in current assets and liabilities:		
Accounts receivable	11,171	7,607
Other current assets	(92)	(894)
Accounts payable	601	(2,658)
Accrued payroll taxes and retirement payable	(102)	1,337
Deferred revenue	(6,191)	3,694
Funds held for others	(47,242)	3,511
Total Adjustments	<u>(22,426)</u>	<u>32,006</u>
Net cash provided (used) by operating activities	<u>(42,848)</u>	<u>33,577</u>
Cash flow from Investing Activities:		
Sale of investments	21,010	583
Purchase of equipment	<u>(2,604)</u>	<u>(2,036)</u>
Net cash provided (used) by investing activities	<u>18,406</u>	<u>(1,453)</u>
Cash flow from Financing Activities:		
Payments on short-term debt	-	(20,100)
Payments on long-term debt	<u>(2,381)</u>	<u>(2,017)</u>
Net cash used by financing activities	<u>(2,381)</u>	<u>(22,117)</u>
Net increase (decrease) in cash and cash equivalents	(26,823)	10,007
Cash - beginning of year	<u>39,204</u>	<u>29,197</u>
Cash - end of year	<u>\$ 12,381</u>	<u>\$ 39,204</u>

(Continued)

The accompanying notes are an integral part of these statements.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
STATEMENTS OF CASH FLOWS (CONCLUDED)
FOR THE YEARS ENDED

	December 31,	
	2008	2007
Supplemental disclosures		
Noncash operating activities:		
Support and revenue:		
Contribution of accounting services	\$ 17,881	\$ 11,753
Contribution of merchandise for gala auction and raffle	-	150
Contribution of merchandise for golf tournament	1,824	250
Trade-outs received for membership dues	1,300	1,300
Total noncash support and revenue	<u>21,005</u>	<u>13,453</u>
Expenses:		
Contributed accounting services	17,881	11,753
Receipt of merchandise for gala auction and raffle	-	150
Receipt of merchandise for golf tournament	1,824	250
Trade-outs for golf tournament sponsorship	250	250
Trade-outs used in fund raising	250	250
Trade-outs used in management and general	800	800
Total noncash expenses	<u>21,005</u>	<u>13,453</u>
Noncash investing activities:		
Additions to equipment through capital lease	<u>\$ -</u>	<u>\$ 7,207</u>

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Note 1 - Summary of Significant Accounting Policies

A. Organization

The West Monroe Chamber of Commerce, Inc. was incorporated under the laws of the State of Louisiana in March, 1956 for the purpose of providing opportunities conducive to stable economic growth to enhance the quality of life for the citizens of the area. Due to the tremendous population growth throughout western Ouachita Parish, in 1986 the Board of Directors deemed it feasible to change the name to the West Monroe - West Ouachita Chamber of Commerce, Inc. (the Chamber). The Chamber receives dues for membership principally from businesses and individuals located in the City of West Monroe, Louisiana, and western Ouachita Parish.

B. Basis of Presentation and Accounting

The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its *Audit Guide for Not-For-Profit Organizations*.

The financial statements of the Chamber are presented as recommended by the Financial Accounting Standards Board in Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Chamber is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2008 and 2007, there were no temporarily or permanently restricted net assets.

The Chamber administers the Scholars' Banquet for a foundation consisting of the Junior League of Monroe, Monroe Chamber of Commerce, NewsStar World Publishing Company, Chase, and the West Monroe-West Ouachita Chamber. Scholars' Banquet activity is recorded as Agency Transactions and therefore the assets are listed under cash and investments and are offset by liabilities shown as Funds Held for Others, on the Statements of Financial Position. During 2008 the Chamber transferred the funds to the foundation and therefore the foundation funds are no longer reflected on the Chamber's books.

C. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Chamber considers time deposits and certificates of deposits with an original maturity of three months or less to be cash equivalents.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

D. Contributions

The Chamber has adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

E. Property, Plant, and Equipment

The Chamber capitalizes all expenditures for property, plant, and equipment in excess of \$300. Purchased property and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets. Estimated useful lives are generally as follows: Buildings, 20 years; Furniture & Fixtures, 7 years; Equipment, 5-7 years; and Building Improvements, 7-10 years. Depreciation expense in 2008 and 2007 was \$19,429 and \$19,409, respectively.

F. Deferred Revenues

The Chamber recognizes amounts, both monetary and nonmonetary, received as payment for subsequent years' memberships as deferred revenue.

G. Tax Status

The Chamber has qualified as an organization exempt from federal income taxes pursuant to Section 501(c)(6) of the Internal Revenue Code; therefore, there is no provision for income taxes in the accompanying financial statements.

H. Net Assets

Net assets are reported as either temporarily or permanently restricted when there are limitations imposed on their use by donors. The Chamber had no restricted net assets for the years ended December 31, 2008 and 2007.

I. Functional Allocation of Expenses

Program service expenses are those directly related to the purposes for which the Chamber exists. Supporting services expenses reflect other expenses incurred in operating the programs, fund raising and membership development. Various operating expenses not directly connected with specific functions or program services are allocated to supporting services. The direct cost of providing the various programs and other activities have been summarized in the statements of activities. Salaries and

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

employee benefits are allocated to program and supporting services based upon management's estimate of time each employee devotes to various activities.

Program services include:

Economic Development – focuses on bringing business to the western Ouachita Parish area.

Education – supports the education of the area through the Adopt-A-School program and the awarding of college scholarships.

Governmental Affairs – focuses on state, local and federal government initiatives.

Member Services – benefits members of the Chamber by providing valuable information through newsletters and magazines. The Chamber also provides literature to newcomers to acquaint them with Ouachita Parish. This information is also available on the Chamber's website.

Supporting services include:

Management and General – includes oversight, business management, general record keeping, budgeting and financing of the Chamber.

Membership Development – includes soliciting for prospective members and membership dues.

Fund Raising – includes the cost of the golf tournament, gala and other activities held by the Chamber.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the relevant period. Actual results could differ from the estimates. Minor reclassifications have been made to prior year financial statements to make them comparable to the current year presentation.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Note 2 - Investments

Investments (consisting of certificates of deposit) are stated at cost, which approximates market value. The Chamber held these funds on behalf of the Scholars' Banquet Foundation who used the funds to award educational and business scholarships.

Note 3 - Accounts Receivable

Accounts receivable consisted of the following:

	December 31,	
	2008	2007
Membership dues	\$ 257	\$ 568
Trade receivables	3,450	14,260
Due from employees	-	50
	<u> </u>	<u> </u>
Total	\$ <u>3,707</u>	\$ <u>14,878</u>

Trade receivables consist primarily of amounts due from attendees and sponsors of various Chamber events and amounts due from the City of West Monroe for services provided. All receivables are considered to be collectible within the following fiscal year, therefore, no allowance for doubtful accounts has been established.

Note 4 - Line of Credit

During 2008 and 2007, the Chamber had access to a \$25,000 line of credit which could be used at its discretion. The line of credit carried an interest rate of 8.75%. As of December 31, 2008 and 2007, all outstanding balances related to the line of credit were paid in full and as of December 31, 2008, the line was closed. Interest expense on the line of credit was \$0 and \$174 for 2008 and 2007, respectively

Note 5 - Capital Lease

During 2007, the Chamber acquired a piece of equipment under a long-term lease. For financial reporting purposes, the present value of minimum lease payments, discounted at 8.25%, has been capitalized. The lease expires on February 10, 2010. As of December 31, 2008 the property under capital lease had a total cost of \$7,207, accumulated depreciation of \$2,763, and a net book value of \$4,444. Future minimum lease payments as of December 31, 2008 are as follows:

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

2009	\$ 2,720
2010	<u>227</u>
Total minimum lease payments	2,947
Less amount representing interest	<u>(138)</u>
Present value of future payments	2,809
Less current portion of lease obligation	<u>(2,584)</u>
Long-term obligation under capital lease	<u>\$ 225</u>

Note 6 - Related Party Transactions

During 2007, the Chamber began selling advertising space on its' monthly newsletter. Advertising income of \$550 and \$1,500 was received from businesses owned or managed by members of the Board of Directors during 2008 and 2007, respectively. Also during 2008 and 2007, the Chamber hosted a conference for the Ouachita River Valley Association, of which the President of the Chamber is also a board member. Revenues and expenses from the event were \$23,419 and \$13,916 for 2008 and \$14,575 and \$9,731 for 2007. No amounts were receivable from or payable to related parties as of December 31, 2008.

Note 7 - Employee Benefit Plan

During 2006, the Chamber established a Savings Incentive Match Plan for Employees (SIMPLE) IRA. All employees expected to make at least \$5,000 during the year are eligible. Employees may contribute to the plan, at their discretion, up to the amount of their total earnings for the year. The Chamber contributes 2% of each eligible employee's compensation to the plan. The Chamber's contributions for 2008 and 2007 were \$2,772 and \$2,681, respectively.

Note 8 - In-Kind Services and Materials

Contribution of services, which are recognized when they are received if the services (a) enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During 2008 and 2007, the value of contributed accounting services recognized as revenue and Management and General expenses in the accompanying Statement of Activities was \$17,881 and \$11,753, respectively.

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

In-kind contributions consisted of donated material and supplies to be used by the Chamber in its daily operations. The estimated fair value of these donations was \$1,824 and \$400 for the years ended December 31, 2008 and 2007, respectively, and they are reflected in the accompanying Statements of Activities.

Note 9 - Supporting Services

Management and General expenses consisted of the following for 2008 and 2007:

	2008	2007
Salaries and employee benefits	\$ 50,235	\$ 51,787
Automobile expense	1,176	1,353
Advertising	1,431	700
Building expenses	2,725	1,441
Depreciation	19,429	19,409
Dues and subscriptions	1,245	889
Equipment maintenance	-	239
Equipment rental	1,006	1,439
Insurance	3,640	3,597
Interest expense	340	650
Meetings	2,554	329
Office expense	10,525	11,056
Postage	3,104	2,319
Printing and reproduction	250	-
Professional development	315	521
Professional fees	22,881	17,156
Telephone	4,447	5,946
Travel and entertainment	1,536	2,259
Utilities	7,636	6,659
Other	657	101
Total	<u>\$ 135,132</u>	<u>\$ 127,850</u>

WEST MONROE - WEST OUACHITA CHAMBER OF COMMERCE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Membership development expenses consisted of the following for 2008 and 2007, respectively:

	2008	2007
Salaries and benefits	\$ 38,538	\$ 32,521
Banquet expenses	31,716	21,392
Contract Labor	-	410
Membership drive	2,000	1,456
Other	919	1,389
	<u> </u>	<u> </u>
Total	\$ <u>73,173</u>	\$ <u>57,168</u>

Fund raising expenses consisted of salaries and wages of \$10,662 and \$10,285 for 2008 and 2007, respectively.

Note 10 - Operating Leases

The Chamber leases certain equipment under the terms of a sixty-six month agreement. Rental expenses for 2008 and 2007 totaled \$1,006 and \$1,439, respectively. Future minimum lease payments at December 31, 2008 are:

2009	\$ 1,305
2010	1,305
2011	653
Total	\$ <u>3,263</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors

West Monroe – West Ouachita Chamber of Commerce, Inc.

We have audited the financial statements of the **West Monroe – West Ouachita Chamber of Commerce, Inc.** (the Chamber) as of and for the year ended December 31, 2008, and have issued our report thereon dated June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Chamber's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chamber's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chamber's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Chamber's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Chamber's financial statements that is more than inconsequential will not be prevented or detected by the Chamber's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Chamber's internal control.

**Board of Directors
West Monroe – West Ouachita
Chamber of Commerce, Inc.**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chamber's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the Chamber in a separate letter dated June 30, 2009.

This report is intended solely for the information and use of management of the West Monroe – West Ouachita Chamber of Commerce, Inc., the Board of Directors, entities granting funds to the Chamber, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Huffman, Huffman, Reynolds & Siquiera

(A Professional Accounting Corporation)

June 30, 2009

**WEST MONROE – WEST OUACHITA CHAMBER OF COMMERCE, INC.
WEST MONROE, LOUISIANA**

SUMMARY OF STATUS OF PRIOR YEAR FINDINGS

The following is the status of findings included in Luffey, Huffman, Ragsdale & Soignier's, (A Professional Accounting Corporation) audit report dated September 4, 2008 on the financial statements of the Chamber as of and for the year ended December 31, 2007.

Management Letter:

Untaxed Compensation Paid to Employees

Recommendation – The Chamber should withhold employment taxes from all compensation paid to employees and report all compensation on the proper forms.

Status – This issue was resolved during 2008.

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MANAGEMENT LETTER

**The Board of Directors
West Monroe-West Ouachita Chamber of Commerce, Inc.
West Monroe, Louisiana**

In planning and performing our audit of the financial statements of West Monroe-West Ouachita Chamber of Commerce, Inc. for the year ended December 31, 2008, we considered the Chamber's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of a matter that we wish to bring to your attention. This letter does not affect our report dated June 30, 2009, on the financial statements of West Monroe-West Ouachita Chamber of Commerce, Inc.

Untaxed Compensation Paid to Employees:

As in the prior year, we discovered that a certain employee was paid compensation totaling \$639.90 which was not subjected to employment taxes. Section 61 of the Internal Revenue Code indicates that all payments to employees for services performed are subject to taxation. Furthermore, the Federal Insurance Contributions Act requires employers to withhold social security and medicare taxes from wages paid to employees at an aggregate rate of 7.65% and that the employers match those same withholdings. Based on these requirements, the Chamber would have a liability of \$97.90 due to the U.S. Treasury. While this amount is clearly not material to the financial statements, it does indicate a failure to comply with federal statutes.

We recommend that the Chamber withhold the employment taxes from all future compensation to employees and report all compensation on the proper forms.

Management's Response:

As previously directed, this matter was addressed with the firm of Heard, McElroy and Vestal. It was simply an oversight, due to a change in staffing, and immediately corrected prior to the completion of the 2007 audit.

Luffey, Huffman, Ragsdale, & Soignier

(A Professional Accounting Corporation)

June 30, 2009